

WSR 25-19-089
PROPOSED RULES
DEPARTMENT OF
RETIREMENT SYSTEMS

[Filed September 16, 2025, 4:33 p.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 25-11-036.

Title of Rule and Other Identifying Information: SECURE Act 2.0
Roth catch-up contributions.

Hearing Location(s): On November 6, 2025, at 2:00 p.m., via Microsoft Teams at <https://www.drs.wa.gov/sitemap/rules/#proposed-rule-hearings>, Meeting ID 210 840 374 867 7, Passcode 5Kx6mr7k; or phone 833-322-1218, code 124 208 156#.

Date of Intended Adoption: November 13, 2025.

Submit Written Comments to: Bianca Stoner, Department of Retirement Systems (DRS), P.O. Box 48380, Olympia, WA 98504-8380, email drs.rules@drs.wa.gov, beginning October 1, 2025, 8:00 a.m., by November 5, 2025, 5:00 p.m.

Assistance for Persons with Disabilities: Contact Bianca Stoner, phone 360-664-7291, TTY 711, email drs.rules@drs.wa.gov, by November 3, 2025.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: Beginning in January 2026, Section 603 of the SECURE Act 2.0 requires participants who are high-wage earners under the Internal Revenue Service wage threshold to make any age 50-plus catch-up contributions on a post-tax basis through Roth instead of on a pretax basis.

Reasons Supporting Proposal: DRS must carry out rule making to align its rules with this requirement.

Statutory Authority for Adoption: RCW 41.50.050 and SECURE Act of 2022 (P.L. 117-328).

Statute Being Implemented: SECURE Act of 2022 (P.L. 117-328).

Rule is necessitated by federal law, [no citation supplied by agency].

Name of Proponent: DRS, governmental.

Name of Agency Personnel Responsible for Implementation: Seth Miller, DRS, P.O. Box 48380, Olympia, WA 98504-8380, 360-664-7304; and Enforcement: Mike Ricchio, DRS, P.O. Box 48380, Olympia, WA 98504-8380, 360-664-7227.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. RCW 34.05.328 (5)(a)(i) does not apply to this proposed rule, and DRS is not voluntarily making it applicable.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(4).

Explanation of exemptions: Rules from DRS only affect members and beneficiaries of the state retirement systems and participating public employers. As a result, the rules do not affect small businesses.

Scope of exemption for rule proposal:

Is fully exempt.

September 16, 2025
Bianca Stoner
Rules Coordinator

RDS-6577.2

AMENDATORY SECTION (Amending WSR 23-18-025, filed 8/25/23, effective 9/25/23)

WAC 415-501-315 What are my employer's responsibilities? An employer has responsibilities including, but not limited to, determining employees' eligibility to participate, reporting and paying deferrals to the department, ~~((and))~~ monitoring for deferral limits, reporting employees annually who meet certain Internal Revenue Service limits, and confirming deferral tax type. Employer contributions must be reported to the department separately from employee contributions.

The department's administration of the plan does not replace the employer's responsibilities.

AMENDATORY SECTION (Amending WSR 23-18-025, filed 8/25/23, effective 9/25/23)

WAC 415-501-430 Are there exceptions to the annual deferral limits? As allowed by the Internal Revenue Service, you may defer more than the annual deferral limit if you qualify to use one of the "catch-up" provisions described in this section. You may not use both catch-up provisions during the same taxable year. The same annual limits apply for both Roth and pretax deferrals. These limits are combined totals even if you contribute to both.

(1) **Age 50 and over:** You may defer a higher amount in any year that you are age 50 or older. The maximum you may defer each year is the sum of the annual deferral amount for the current taxable year plus the age 50 and over catch-up amount established by the IRS under 26 U.S.C. Section 414(v). Beginning January ~~((2024))~~ 2026, the catch-up amounts must be ~~((contributed to a Roth account))~~ reported as Roth contributions if you made more than \$145,000 (adjusted annually for inflation) in wages from your DCP employer in the prior calendar year. If you made \$145,000 or less in wages from your DCP employer in the prior calendar year, then you have the option to contribute the catch-up amounts as Roth deferrals. ~~((Beginning January 2025, the \$145,000 amount will be adjusted annually for inflation.))~~

(2) **Three years before normal retirement age:** You may defer a higher amount during a period of three consecutive years immediately preceding the taxable year in which you reach normal retirement age as defined in WAC 415-501-110 ~~((-10))~~ (13). The maximum you may defer during each of the three years is the lesser of:

(a) Twice the annual deferral limit; or

(b) The sum of the annual deferral limit for the applicable years, plus the portion of the annual deferral limit for any prior taxable year that you have not previously used.

(i) For years prior to 2002, amounts you deferred under certain other plans must be considered in determining the unused amount, consistent with Treasury Regulation 1.457-4 (c) (3) (iv).

(ii) A prior taxable year may be taken into account only if:

(A) It begins after December 31, 1978;

(B) You were eligible, during any portion of the taxable year, to participate in the plan; and

(C) Compensation deferred under the plan during that year, if any, was subject to a deferral limit under WAC 415-501-420.

Three-year catch-up example one: At age 64, Pat, a PERS 2 member, declares their normal retirement age of 66 and begins deferring the higher annual limit. Pat's intention is to retire at age 65 so that they can use the higher catch-up amounts in their final year of employment.

After a year, at age 65, Pat decides that they would like to work another year until age 66. Since Pat already declared age 66, the higher limit amount cannot be used beyond the year they turn 65. They cannot change their declared normal retirement age to 67 and continue with the higher deferral amounts for a third year.

Though Pat cannot change the normal retirement age once declared, there is no issue with working beyond the normal retirement age. They will only be able to defer the standard limit amount for their age, not the special three-year catch-up amounts in the year of their declared normal retirement age or beyond.

Three-year catch-up example two: At age 60, Alex has 30 years of service and declares their normal retirement age of 63 and begins to defer the higher annual limit. At age 62, they decide to retire and at the time of retirement defer their vacation leave cash out. This is acceptable as long as their deferrals for the year are not in excess of the catch-up limit. The declared age of 63 allows for catch-up deferrals in the calendar years that Alex was 60, 61, and 62; retiring prior to age 63 does not affect the years the higher deferral amounts are allowed.

AMENDATORY SECTION (Amending WSR 23-18-025, filed 8/25/23, effective 9/25/23)

WAC 415-501-600 Is my employer allowed to contribute to my deferred compensation account? The employer may, pursuant to WAC 415-501-450, add additional deferred compensation for services you provided to the employer during any calendar month, provided:

(1) You elected to have such additional compensation deferred pursuant to this plan, prior to the calendar month in which the compensation is earned;

(2) Such additional deferred compensation, when added to all other deferred compensation under the plan, does not exceed the maximum deferral permitted by this chapter; (~~and~~)

(3) Your employer's contributions will be pretax; and

(4) Catch-up contributions made under the provisions in WAC 415-501-430 must be participant contributions and cannot include any employer contributions.